

ND RETIREMENT AND INVESTMENT OFFICE
Combined Balance Sheet
As of 6/30/2004

	As of <u>6-30-04</u>	As of <u>6-30-03</u>
ASSETS:		
INVESTMENTS (AT MARKET)		
DOMESTIC EQUITIES	\$ 1,408,965,677	\$ 1,293,274,762
INTERNATIONAL EQUITIES	619,279,473	560,765,217
DOMESTIC FIXED INCOME	1,392,735,177	1,136,499,399
INTERNATIONAL FIXED INCOME	128,573,435	110,380,109
REAL ESTATE POOL	171,657,037	168,299,583
VENTURE CAPITAL	119,537,408	103,782,691
INVESTED CASH (NOTE 1)	<u>105,239,583</u>	<u>80,246,521</u>
 TOTAL INVESTMENTS	 3,945,987,790	 3,453,248,282
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	17,548,500	14,239,321
CONTRIBUTIONS/ASSESSMENTS REC	6,354,427	6,260,471
MISCELLANEOUS RECEIVABLES	<u>2,370</u>	<u>43,806</u>
 TOTAL RECEIVABLES	 23,905,297	 20,543,598
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	467,673,428	264,424,819
OPERATING CASH (NOTE 3)	8,511,301	7,521,244
DUE FROM OTHER AGENCIES (NOTE 4)	144,636	54,660
FIXED ASSETS (NET) (NOTE 5)	<u>423,388</u>	<u>3,414</u>
 TOTAL ASSETS	 <u><u>\$ 4,446,645,840</u></u>	 <u><u>\$ 3,745,796,017</u></u>
 LIABILITIES:		
ACCOUNTS PAYABLE	2,975,624	2,220,333
ACCRUED EXPENSES	402,723	379,377
CAPITAL LEASE PAYABLE	12,945	0
SECURITIES LENDING COLLATERAL (NOTE 2)	467,673,428	264,424,819
DUE TO OTHER AGENCIES (NOTE 6)	<u>144,636</u>	<u>54,660</u>
 TOTAL LIABILITIES	 471,209,356	 267,079,189
 NET ASSETS AVAILABLE:		
NET ASSETS AVAILABLE BEGIN OF YEAR	3,478,716,828	3,346,332,984
CASH IN DURING YEAR (NOTE 7)	286,853,033	264,797,201
CASH OUT DURING YEAR (NOTE 8)	291,355,037	288,420,000
NET INCREASE (DECREASE)	<u>501,221,660</u>	<u>156,006,643</u>
 NET ASSETS AVAILABLE END OF PERIOD	 <u>3,975,436,484</u>	 <u>3,478,716,828</u>
 TOTAL LIABILITIES & NET ASSETS AVAILABLE	 <u><u>\$ 4,446,645,840</u></u>	 <u><u>\$ 3,745,796,017</u></u>

ND RETIREMENT AND INVESTMENT OFFICE
Combined Profit and Loss Statement
For the Month Ended 6/30/2004

	Month Ended 6-30-04	Year-to-Date
ADDITIONS:		
INVESTMENT INCOME		
INTEREST/DIVIDEND INCOME	\$ 8,745,604	\$ 112,118,755
SECURITIES LENDING INCOME	403,648	3,734,611
	<u>9,149,252</u>	<u>115,853,366</u>
 GAIN ON SALE OF INVESTMENTS	 28,516,469	 462,987,952
LOSS ON SALE OF INVESTMENTS	<u>23,486,135</u>	<u>297,726,160</u>
 NET GAINS (LOSSES) INVESTMENTS	 5,030,334	 165,261,792
 INVESTMENT EXPENSES	 1,515,153	 11,541,919
SECURITIES LENDING EXPENSES	<u>290,050</u>	<u>2,890,764</u>
 NET INVESTMENT INCOME	 12,374,383	 266,682,475
 NET APPREC (DEPREC) MARKET VALUE	 42,132,059	 256,413,334
MISCELLANEOUS INCOME/(EXPENSE)	<u>(433,412)</u>	<u>(1,078,187)</u>
 TOTAL INVESTMENT INCOME	 54,073,030	 522,017,622
 CONTRIBUTIONS & ASSESSMENTS (NOTE 9)	 6,675,170	 59,271,555
PURCHASED SERVICE CREDIT (NOTE 10)	1,001,911	4,383,456
PENALTY & INTEREST (NOTE 11)	<u>374</u>	<u>351</u>
 TOTAL ADDITIONS	 <u>61,750,485</u>	 <u>585,672,984</u>
DEDUCTIONS:		
BENEFITS PAID PARTICIPANTS (NOTE 12)	6,766,877	77,112,918
PARTIAL LUMP SUM DISTRIBUTIONS PAID	40,136	40,136
REFUNDS TO MEMBER (NOTE 13)	<u>3,960,204</u>	<u>5,800,100</u>
 TOTAL BENEFITS PAID	 10,767,217	 82,953,154
 ADMINISTRATIVE EXPENSES		
SALARIES AND BENEFITS	84,085	860,257
OPERATING EXPENSES	<u>(206,889)</u>	<u>637,913</u>
 TOTAL ADMINISTRATIVE EXPENSES	 <u>(122,804)</u>	 <u>1,498,170</u>
 TOTAL DEDUCTIONS	 <u>10,644,413</u>	 <u>84,451,324</u>
 NET INCREASE (DECREASE)	 <u>\$ 51,106,072</u>	 <u>\$ 501,221,660</u>

ND RETIREMENT AND INVESTMENT OFFICE
Notes to Combined Financial Statement
June 30, 2004

The following notes to financial statements are intended to provide general descriptions of line items in the financial statements.

NOTE 1 INVESTED CASH

Cash invested in the short-term investment fund (STIF/STEP) at The Northern Trust Company or a money market demand account at the Bank of North Dakota.

NOTE 2 SECURITIES LENDING COLLATERAL

Securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash open collateral is invested in a short term investment pool.

NOTE 3 OPERATING CASH

Money market and checking accounts at the Bank of North Dakota and RIO's operating account at the State Treasurer's Office.

NOTE 4 DUE FROM OTHER AGENCIES

Amounts paid in anticipation of the allocation of administrative expenses of RIO.

NOTE 5 FIXED ASSETS

Office furniture and equipment capitalized by RIO, shown net of depreciation. Depreciation is calculated straight-line, over five years.

NOTE 6 DUE TO OTHER AGENCIES

Amounts received from agencies in excess of amounts allocated for RIO administrative expenses.

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Notes to Combined Financial Statement
6/30/2004

NOTE 7 CASH IN DURING YEAR

Cash transferred into investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 8 CASH OUT DURING YEAR

Cash transferred out of investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 9 CONTRIBUTIONS & ASSESSMENTS

Assessments on teachers' salaries of 7.75 percent of salary plus a matching contribution paid by the employer unit, for a total contribution and assessment of 15.5 percent that must be remitted monthly.

NOTE 10 PURCHASED SERVICE CREDIT

Payments received on the purchase of service credit for TFFR as allowed by the North Dakota Century Code.

NOTE 11 PENALTY & INTEREST

Amounts charged to school districts for late payment or reporting of contributions and assessments.

NOTE 12 BENEFITS PAID TO PARTICIPANTS

Monthly annuity benefits paid to retired teachers on the first of each month.

NOTE 13 REFUND TO MEMBERS

Refunds of teachers' accounts who have ceased teaching in North Dakota.